



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

10 APR 2001



SAAL-RP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: The New Defense Acquisition Policies and Army Positions

The Defense Acquisition Community is close to completing the total rewrite of the Defense acquisition policy documents, the DoD 5000-series. These are the directive, instruction, and regulation that govern our acquisition activity. As we initiate our Program Objective Memorandum (POM) building efforts, I want to share some information that will ensure that each of us under-stands and uses the correct terminology.

Use of the New Defense Acquisition Model and Terms of Reference

All new programs, regardless of acquisition category (ACAT), will utilize the new Defense acquisition model and apply the new terms of reference.

If your program is within the Army Systems Acquisition Review Council (ASARC) or Defense Acquisition Board (DAB) preparation cycle for a Milestone (MS) or Decision Review (*i.e.*, within 180 calendar days of your ASARC or DAB MS or Decision Review), continue to use the old model and terminology to complete your review. Immediately thereafter, convert to use of the new Defense acquisition model and terminology for the balance of your program. If you are outside that preparation cycle (*i.e.*, if you are more than 180 calendar days away from your ASARC or DAB MS or Decision Review), immediately apply the new model and terminology for the entirety of your program. This direction also applies to ACAT III and IV systems utilizing In-process Reviews.


Funding

At Enclosure 1 is a graphic depiction of the types of funding that might reasonably be expected to be used in the various phases of the new acquisition model. I am providing this only as a general reference. Absolute truth lies in the details of each situation.



Finally, I am providing acquisition program funding guidance at Enclosure 2. This has the concurrence of the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) and the Office of the General Counsel.

This information will help each of us in the days ahead as we work to implement the new Defense acquisition policy guidance in our budget preparation efforts. My point of contact is Mr. James Inman. He may be reached at commercial (703) 604-7133; DSN 604-7133. His e-mail is James.Inman@saalt.army.mil.



Kenneth J. Oscar
Acting Army Acquisition Executive

Enclosures

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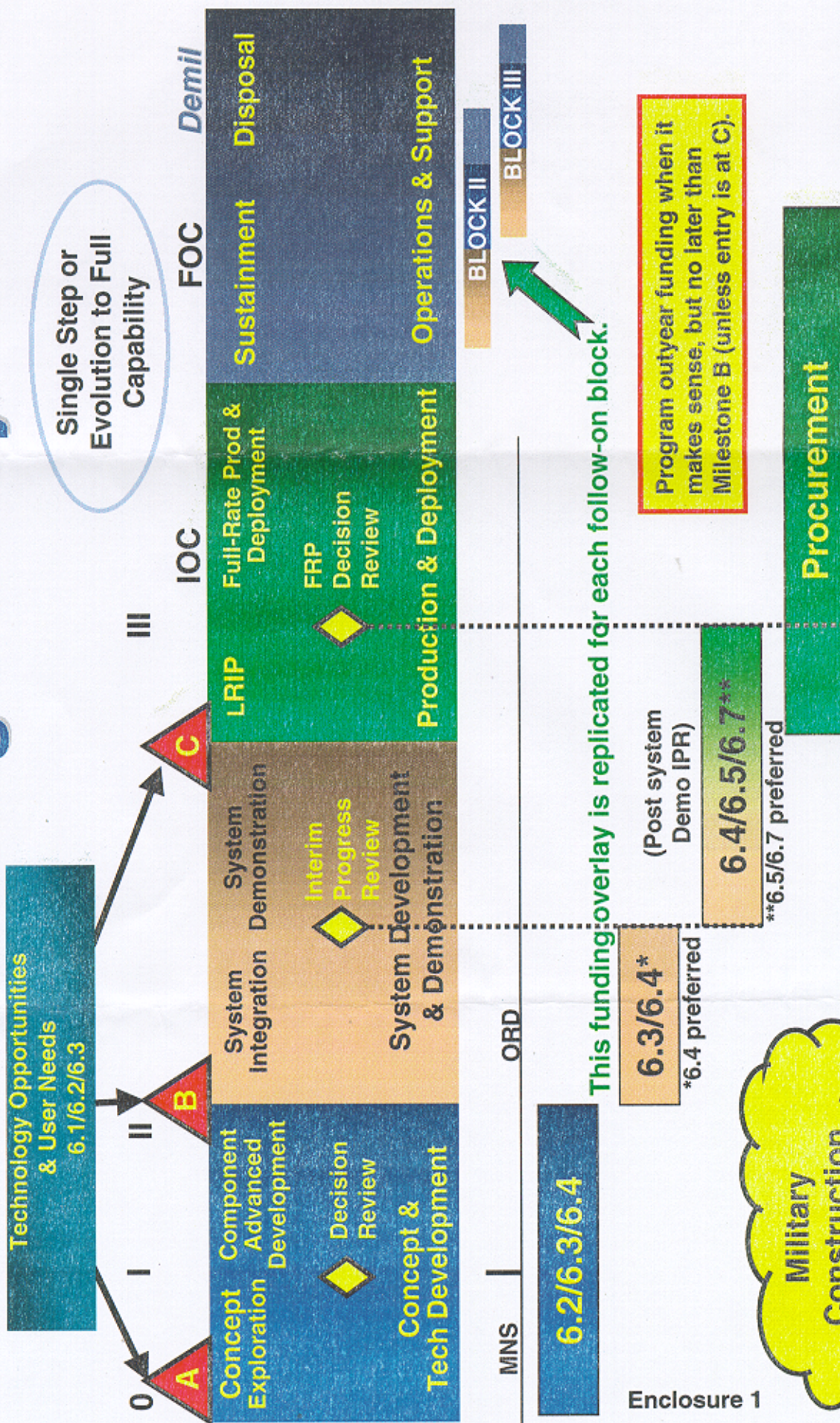
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Funding Overlay



This funding overlay is replicated for each follow-on block.

Program outyear funding when it makes sense, but no later than Milestone B (unless entry is at C).

Acquisition Program Funding Guidance

► The Army shall fully fund acquisition programs to meet the regulatory guidelines set forth in the DoD 7000.14-R, *Financial Management Regulation*; DoDI 5000.2, *Operation of the Defense Acquisition System*; and the OSD interim operating memorandum, DoD 5000.2-R, *Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs*.

► It is the Army's policy to fully fund an acquisition program based on its approved Army Cost Position (ACP) for both the Future Years Defense Plan (FYDP) and the Extended Planning Program (EPP). [NOTE: The procurement or materiel requirements baseline is the optimum quantity validated and approved by the Army Requirements Oversight Council (AROC)/Joint Requirements Oversight Council (JROC) processes that balance warfighting requirements with available resources.]

► "The milestone decision authority shall determine the appropriate point at which to fully fund an acquisition program. This point shall be no later than entry into the systems development and demonstration phase, but may be earlier if warranted by the acquisition strategy and the timing of the decision relative to the programming and budgeting process. In general, full funding shall be required when there is a mature system concept and architecture (based on proven technologies). Full funding shall be based on the cost of the most likely system alternative." (DoDD 5000.1, paragraph 4.5.3.)

► Program cost estimates shall be kept current and fully financed through the Programming, Planning, Budgeting, and Execution System (PPBES) process and established reprogramming procedures as set out in DoD 7000.14-R (Volume 2A, Chapter 1, Section 010202, B.1.)